

AMENDED IN ASSEMBLY APRIL 18, 2005

AMENDED IN ASSEMBLY MARCH 29, 2005

CALIFORNIA LEGISLATURE—2005–06 REGULAR SESSION

## ASSEMBLY BILL

**No. 952**

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Introduced by Assembly ~~Member Coto~~ *Members Coto and Huff*

February 18, 2005

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An act to add and repeal Section 17463.8 of the Education Code, relating to public schools.

### LEGISLATIVE COUNSEL'S DIGEST

AB 952, as amended, Coto. Surplus school property: use of proceeds: East Side Union High School District, *Oak Grove Elementary School District*, and *Walnut Valley Unified School District*.

Existing law, the Leroy F. Greene School Facilities Act of 1998 (the Greene Act of 1998), requires the State Allocation Board to allocate to applicant school districts, prescribed per-unhoused-pupil state funding for construction and modernization of school facilities, including hardship funding, and supplemental funding for site development and acquisition.

Existing law requires a school district to use the funds derived from the sale of surplus property for capital outlay or for costs of maintenance of school district property that the governing board of the school district determines will not recur within a 5-year period. Existing law authorizes a school district having an average daily attendance of less than 10,001 in any fiscal year to deposit any and all interest earned on those funds into the general fund of the *school* district if the school district meets certain conditions.

This bill would, notwithstanding any other law, and ~~until January 1, 2008~~ authorize the East Side Union High School District ~~to use the proceeds from the sale of surplus real and personal property, as provided, to deposit the proceeds into the general fund of the school district, and to use the proceeds from that transaction for any one-time general fund purpose~~ *to use the proceeds from the sale of certain surplus and real property that occurred before January 1, 2006, for any one-time general fund purpose. The bill would authorize the East Side Union High School District, the Oak Grove Elementary School District, and the Walnut Valley Unified School District to sell certain surplus real and personal property, as provided, and to use the proceeds from that transaction for any one-time general fund purpose. If any of the purchases of the property was made using the proceeds of a local general obligation bond act or revenue derived from developer fees, the bill would prohibit the amount deposited into the general fund from exceeding the difference between the purchase price of the property and the proceeds of the transaction divided by the amount of the proceeds of the transaction, as defined.*

The bill would declare that, due to the special circumstances applicable to the East Side Union High School District, *the Oak Grove Elementary School District, and the Walnut Valley Unified School District*, a general statute cannot be made applicable within the meaning of Section 16 of Article IV of the California Constitution, and the enactment of a special statute is therefore necessary.

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~ yes. State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. Section 17463.8 is added to the Education  
 2 Code, to read:  
 3 17463.8. ~~(a) Notwithstanding any other provision of law, the~~  
 4 ~~East Side Union High School District may use the proceeds from~~  
 5 ~~the sale of surplus real property, together with any personal~~  
 6 ~~property located thereon, if purchased entirely with local funds,~~  
 7 ~~and may deposit the proceeds thereof into the general fund of the~~  
 8 ~~school district to use, between January 1, 2002, to January 1,~~  
 9 ~~2008, inclusive, for any general fund purpose.~~ (b) For the  
 10 purposes of this section, proceeds means either of the following,  
 11 as appropriate:

1 ~~(1) The amount realized from the sale of property minus~~  
2 ~~reasonable expenses related to the sale.~~

3 ~~(2) For any transaction that did not result in a lump-sum~~  
4 ~~payment of the proceeds of the transaction, the proceeds of the~~  
5 ~~transaction shall be calculated as the net present value of the~~  
6 ~~transaction.~~

7 ~~(e) Before the East Side Union High School District exercises~~  
8 ~~the authority granted pursuant to this section, the governing~~  
9 ~~board of the school district shall at a regularly scheduled meeting~~  
10 ~~present a plan for expending one-time resources pursuant to this~~  
11 ~~section. The plan shall identify the source and use of the funds~~  
12 ~~and describe the reasons why the expenditure will not result in~~  
13 ~~ongoing fiscal obligations for the school district.~~

14 ~~(d) This section is repealed on January 1, 2008, unless a later~~  
15 ~~enacted statute that becomes operative on or before January 1,~~  
16 ~~2008, deletes or extends the date on which it is repealed.~~

17 *17463.8. (a) (1) Notwithstanding any other law, the East*  
18 *Side Union High School District may deposit the proceeds from*  
19 *the sale of surplus real property, together with any personal*  
20 *property located thereon, that occurred on or before January 1,*  
21 *2006, into the general fund of the school district or county office*  
22 *of education, and may use the proceeds from the sale for any*  
23 *one-time general fund purpose. If the purchase of the property*  
24 *was made using the proceeds of a local general obligation bond*  
25 *act or revenue derived from developer fees, the amount of the*  
26 *proceeds of the transaction that may be deposited into the*  
27 *general fund of the school district or county office of education*  
28 *may not exceed the percentage computed by the difference*  
29 *between the purchase price of the property and the proceeds*  
30 *from the transaction, divided by the amount of the proceeds of*  
31 *the transaction. For the purposes of this section, "proceeds of*  
32 *the transaction" means either of the following, as appropriate:*

33 *(A) The amount realized from the sale of property after*  
34 *reasonable expenses related to the sale.*

35 *(B) For any transaction that does not result in a lump-sum*  
36 *payment of the proceeds of the transaction, the proceeds of the*  
37 *transaction shall be calculated as the net present value of the*  
38 *future cashflow generated by the transaction.*

39 *(2) Notwithstanding any other law, the East Side Union High*  
40 *School District, the Oak Grove Elementary School District, and*

1 the Walnut Valley Unified School District may sell surplus real  
2 property, together with any personal property located thereon,  
3 purchased entirely with local funds, to any nonprofit, for profit,  
4 or governmental entity and may deposit the proceeds thereof into  
5 the general fund of the school district or county office of  
6 education, and may use the proceeds from the sale for any  
7 one-time general fund purpose. If the purchase of the property  
8 was made using the proceeds of a local general obligation bond  
9 act or revenue derived from developer fees, the amount of the  
10 proceeds of the transaction that may be deposited into the  
11 general fund of the school district or county office of education  
12 may not exceed the percentage computed by the difference  
13 between the purchase price of the property and the proceeds  
14 from the transaction, divided by the amount of the proceeds of  
15 the transaction. For the purposes of this section, "proceeds of  
16 the transaction" means either of the following, as appropriate:

17 (A) The amount realized from the sale of property after  
18 reasonable expenses related to the sale.

19 (B) For any transaction that does not result in a lump-sum  
20 payment of the proceeds of the transaction, the proceeds of the  
21 transaction shall be calculated as the net present value of the  
22 future cashflow generated by the transaction.

23 (b) The State Allocation Board shall reduce an apportionment  
24 of hardship assistance awarded to those school districts specified  
25 by subdivision (a) pursuant to Article 8 (commencing with  
26 Section 17075.10) by an amount equal to the amount of the sale  
27 of surplus real property used for a one-time expenditure of the  
28 school district pursuant to this section.

29 (c) If a school district exercises the authority granted pursuant  
30 to this section, the school district is ineligible for hardship  
31 funding from the State School Deferred Maintenance Fund under  
32 Section 17587 for five years after the date of sale.

33 (d) Before a school district exercises the authority granted  
34 pursuant to this section, the governing board of the school  
35 district shall first submit to the State Allocation Board documents  
36 certifying the following:

37 (1) The school district has no major deferred maintenance  
38 requirements not covered by existing capital outlay resources.

39 (2) The sale of real property pursuant to this section does not  
40 violate any provisions of a local general obligation bond act.

1     (3) *The real property is not suitable to meet any projected*  
2 *school construction need for the next 10 years.*

3     (e) *Before a school district exercises the authority granted*  
4 *pursuant to this section, the governing board of the school*  
5 *district shall at a regularly scheduled meeting present a plan for*  
6 *expending one-time resources pursuant to this section. The plan*  
7 *shall identify the source and use of the funds and describe the*  
8 *reasons why the expenditure will not result in ongoing fiscal*  
9 *obligations for the school district.*

10    (f) *This section shall remain in effect only until January 1,*  
11 *2008, and as of that date is repealed, unless a later enacted*  
12 *statute that is enacted before January 1, 2008, deletes or extends*  
13 *that date.*

14    SEC. 2. The Legislature finds and declares that a special law  
15 is necessary and that a general law cannot be made applicable  
16 within the meaning of Section 16 of Article IV of the California  
17 Constitution because of the unique financial circumstances of the  
18 East Side Union High School District, *the Oak Grove Elementary*  
19 *School District, and the Walnut Valley Unified School District.*